

Dear All,

It's hard to believe school is almost out and summer is around the corner! Work has been intense here at L&A but as proxy season winds down we have some time to refocus our energies for what lies ahead. This month we bring you an original L&A article regarding CEO pay in the energy sector. We analyzed 35 Exploration & Production companies to answer the question: Did CEOs earn what the proxy statement said? The results are interesting to say the least, and surprising to some.

The second article from our friends at NACD shares key takeaways from their 2018–2019 Director Compensation Report, which indicates an increase in board of director pay but a decrease in non-wage benefits and committee meeting fees. A great read with recommendations on how to align shareholder and director interests.

The next piece is on managing risk in family-owned businesses. For most family businesses, governance and risk management often gets dismissed due to years of "tradition" in doing things a certain way. This article sheds light on the effects weak governance can have, as well as the strong operational and competitive benefits that can result when sound governance practices are put in place.

We are always here to help, don't hesitate to reach out to us for assistance with your shareholder outreach initiatives. We appreciate each and every one of you and as always, let us know if there is a particular subject you'd like to learn more about.

Sincerely,



Brent Longnecker and the L&A Team
Chairman and CEO
Longnecker & Associates

A Proxy Statement is Not a Bank Statement

If you do an internet search for "CEO pay", you get 807 million hits, and most of those are "hits" on CEO pay. Some are warranted, and many are not.

Nowhere is this truer than CEO pay in the energy business in 2019. Many investors rotated out of public energy investments over the past several years, in spite of the fact that 2018 was an all-time record high for free cash flow generation by E&P companies¹. The result is E&P stock prices have dropped significantly the past three years.

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BOARD LENS

Report Shows Steady Increase in Board Pay, Decrease in Specialized Fees (April 27, 2019)

Compensation for directors across all public company market caps increased 2 percent between 2017 and 2018. This according to the 2018–2019 Director Compensation Report, the 20th annual report published in collaboration with leading compensation consultant Pearl Meyer, which found that compensation is rising steadily for directors, but not by as much as it increased from the previously studied term. Elsewhere, the offering of special non-wage benefits, for instance, and of committee meeting fees, has shown a weakened front.

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For Family Businesses, Strong Governance is the Secret to Managing Risk

In my experience, family-owned businesses generally view governance like castor oil: While it must be swallowed to keep you healthy, it's still unpleasant. For many owners of family businesses, governance and risk management seem more of an issue for their larger counterparts like Cargill, Kohler and S. C. Johnson, global giants held accountable to a wide array of stakeholders.

A frequent comment by family business owners – "We've always done it this way" – goes a long way to explain this casual attitude. But that viewpoint ignores the significant operational and competitive benefits that good governance and strong risk controls can produce, most importantly handing over a healthy and efficient organization to the...

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A little motivation... *Words of Wisdom*

“Success is the sum of small efforts, repeated day in and day out.”

– ROBERT COLLIER



Contact Us for Help with Your Shareholder Outreach Initiatives

Our Say on Pay specialists are ready to assist you in [shareholder outreach](#) to educate investors about the strategy and reasoning behind executive compensation plans and clear any confusion and misconceptions. A properly structured outreach plan can help ensure positive voting outcomes while strengthening your governance practices overall.

GET THE MOST OUT OF YOUR 2019 SHAREHOLDER OUTREACH ENGAGEMENTS.

[GET HELP NOW](#)

281.378.1350

JOIN US AT OUR UPCOMING EVENTS

2019 CRTRA Conference (Chain Restaurant Total Rewards Association)

**Monday, July 22- Wednesday, July 24
2:30 p.m. – 3:30 p.m.**

Renaissance Minneapolis Hotel, The Depot
225 3rd Avenue South
Minneapolis, MN 55401

The Annual CRTRA Conference appeals to all individuals interested in strengthening and enhancing Total Rewards within the restaurant industry.

[REGISTER](#)

2019 Texas Total Rewards Conference

**Monday, August 5
2:00 p.m. – 2:50 p.m.**

Hotel Contessa
306 West Market Street
San Antonio, TX 78205

The TTR Conference provides total rewards professionals knowledge and skills on the latest trends in total rewards. Join L&A Director Liz Mayo in an engaging presentation as she dives into the topic of Variable Pay.

[REGISTER](#)

NACD Austin Luncheon - Emerging Companies

**Friday, August 23
11:00 a.m. – 1:00 p.m.**

To Be Announced
Austin, TX

Save the Date!

Stay tuned for another great NACD lunch program and networking opportunity.

[REGISTER](#)

Let's Work Together

We know what it takes to attract, retain and motivate key talent. Contact us to develop a plan that works for your business.

[GET IN TOUCH](#)

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Compensation Services
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Restructuring Services

Get to Know Us

Brent Longnecker

CHAIRMAN & CEO

What is the best advice you've been given?

"You can't live a perfect day until you do something for someone who will never be able to repay you."

– JOHN WOODEN

What are you passionate about?

My wife Shelly and my family

What's a fun fact most people don't know?

I'm a competitive dancer - ballroom and country

Do you have an ideal super power? Encouraging others

What is the one thing you would take to a deserted island? My wife

